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RUEHTU/AMEMBASSY TUNIS PRIORITY 3019
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RUEHJM/AMCONSUL JERUSALEM PRIORITY 6199
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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR XOXO
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Major media (banners in Maariv and Hatzofe) quoted PA Chairman [President] Mahmoud Abbas as saying on Sunday, during his talks with PM Ehud Olmert, that abducted IDF Cpl. Gilad Shalit might be released even before the formation of a Palestinian national unity

government. Leading media quoted Hamas officials as saying that Abbas's remarks are unfounded. Israel Radio quoted Olmert as saying that Israel will not negotiate with a Palestinian government that includes Hamas members. The media reported that the meeting was held in an overall positive atmosphere. Israel Radio quoted Palestinian sources as saying that FM Tzipi Livni secretly met with Abbas associates Yasser Abed Rabbo and Salam Fayad. The radio reported that Livni denied the report. On Sunday The Jerusalem Post reported that Olmert was expected to rebuff appeals by Abbas to extend the Gaza "cease-fire" to the West Bank.

Ha'aretz reported that the U.S. administration is holding separate talks with Israel and Saudi Arabia before the Arab League summit in Riyadh late this month that will deliberate renewed approval of the overall Arab peace plan known as the Saudi initiative. Ha'aretz and Maariv quoted Olmert as saying on Sunday at a cabinet meeting that the initiative should be taken very seriously. "We hope very much that during the meeting of the heads of Arab states that will be held in Riyadh, the positive elements expressed in the Saudi initiative will be validated and perhaps will enable the strengthening of the chances for negotiations between us and the Palestinians," Olmert added. Olmert made the statement at the start of the cabinet meeting, in front of television cameras. It was both more positive and detailed than his previous comments on this issue. Previously he only referred to the "positive elements" in the Saudi initiative. Ha'aretz reported that political sources in Jerusalem confirmed on Sunday that diplomatic talks are being held concerning the Saudi initiative, but that they refused to give details. Yediot reported that Deputy Defense Minister Ephraim Sneh had a chance meeting with Saudi Ambassador in Washington Adel al-Jubeir over the weekend. The Jerusalem Post reported that an Arab diplomat, speaking on condition of anonymity, told the newspaper that Israel should accept the principle of the right of return for Palestinian refugees and then negotiate the terms of its implementation.

The Jerusalem Post reported that Israel is hinting at stopping talks with Palestinian moderates over a "political horizon" if the European Union drops its insistence that the PA government recognize Israel, renounce terrorism and accept previous agreements. The Jerusalem Post quoted FM Livni as saying, according to the protocol of a meeting Foreign Minister Tzipi Livni held in Brussels last week with EU foreign ministers: "Israel's ability to engage and make progress with moderates on the Palestinian side is closely tied to the international community's continued refusal to legitimize any PA government that fails to fully comply with the Quartet principles." Her comments came as certain EU countries -- Italy, France, Spain and Finland -- are pressing for the EU to be more flexible in demanding that all contact with the PA government be cut off until it accepts the Quartet's three conditions. The Jerusalem Post quoted senior GOI officials as saying that Livni was not threatening the EU foreign ministers, but rather explaining what the consequences of their recognition of Hamas might be without that organization's acceptance of the Quartet's three conditions.

On Sunday Yediot reported that Damascus sent Jerusalem stern warnings that it would not tolerate Israeli jets flying in Syrian airspace any more and would "respond with fire, if put to the test. FM Livni said in a telephone interview she granted Israel Radio from Washington last night that Israel has no controversy with the US regarding possible negotiations with Syria and that the US administration is not preventing Israel from achieving diplomatic progress in any direction.

On Sunday Maariv reported about a meeting that was held recently between Hizbulah Secretary-General Sheikh Hassan Nasrallah and the Vice President of Germany's intelligence agency BND, who was only identified as "Konrad." In this meeting Nasrallah reportedly said that the two soldiers that Hizbulah guerrillas kidnapped in July, Eldad Regev and Ehud Goldwasser, were alive. Nasrallah demanded that Israel release a large number of prisoners, including terrorist Samir Kuntar, in exchange for a sign of life from the kidnapped soldiers. Maariv reported that Israel has refused to accept Hizbulah's demands, which are deemed "exorbitant."

On Sunday, Ha'aretz quoted Labor Party ministers queried by the Winograd Commission probing last summer's war in Lebanon as saying that Olmert is evading responsibility for his naming Amir Peretz Defense Minister. Leading media reported the commission will

publish part of its protocols on the Internet over the weekend. The censorship will decide which portions of the document will be made public. Ha'aretz reported that on Sunday, a senior IDF officer criticized Olmert for failing to order the army to implement military plans for an extensive ground assault during the first three weeks of last summer's war in Lebanon. The officer reportedly told Ha'aretz that the existence of the plans was well-known, and criticized Olmert for delaying the ground assault -- even after, according to the officer, it had been proved that the attempt to stop Hezbollah from firing Katyusha rockets on northern Israel by aerial bombing and limited ground incursions had failed.

The Jerusalem Post cited a report by the British think-tank Royal Institute for International Affairs (Chatham House) as saying that Israel should pursue a strategy of "open nuclear deterrence" towards Iran if international attempts to curtail Tehran's nuclear ambitions fail. On Sunday The Jerusalem Post cited reported that Iran is expected to dominate the policy agenda of the 5,500 AIPAC members convening in Washington to lobby elected officials.

On Sunday The Jerusalem Post reported that on Friday the State Department confirmed that Secretary of State Condoleezza Rice is expected to visit the Middle East in the near future for further talks aimed at advancing peace Israelis and Palestinians. However, The Jerusalem Post reported that one State Department source told the newspaper that the visit would likely occur in conjunction with another regional trip she has tentatively planned in early April regarding Iraq.

On Sunday Maariv reported that the IDF and Hamas have been preparing for the possibility of a fierce military clash in the Gaza Strip. The two parties have recently accelerated those preparations.

The Jerusalem Post dubbed Defense Minister Amir Peretz's visit to the US "watered-down," because no meetings have been scheduled for him with President Bush or Secretary of State Condoleezza Rice.

Ha'aretz and Yediot reported that on Sunday Al-Qaida deputy head Ayman al-Zawahiri sharply criticized Hamas for agreeing to respect past accords with Israel as part of the national unity government agreement sponsored by Saudi Arabia in Mecca. According to an audio recording broadcast on Al Jazeera-TV, minutes before the Olmert-Abbas ended their meeting in Jerusalem, Zawahiri blamed Hamas for having "fallen in the swamp of surrender."

On Sunday Maariv and The Jerusalem Post quoted UN Secretary-General Ban Ki-moon as saying on Friday that he will visit Israel and the PA later this month on an effort to help revive the peace process between the two sides.

The Jerusalem Post reported that the Foreign Ministry Spokesman confirmed on Sunday that the ministry has issued directives to foreign embassies and consulates in Israel explaining the new regulations for allowing foreign passport holders who are not listed in the Palestinian population registry to spend time in the West Bank. Thos foreign citizens may extend their entry visas for up to 27 months without having to leave the West Bank.

The Jerusalem Post quoted the human rights group Machsom Watch as saying in a report published over the weekend that the outcome of remand hearings held in Israeli military courts for Palestinian suspects are frequently determined in advance without the suspect's lawyer having a genuine opportunity to defend his client.

The Jerusalem Post reported that on Sunday the cabinet gave a bureaucratic push to a joint Israeli-Jordanian-Palestinian project called the "Peace Valley," which Vice PM Shimon Peres has been pushing for years. On Sunday Maariv reported that the cabinet was scheduled to decide to begin a number of large major projects that require huge investment, which are geared to improve and strengthen Israel's international relations with Jordan and the PA. Among other things, Peres would be given the authority to promote a joint project with Jordan -- laying a railway line that will connect the two countries for the first time. Moreover, The Jerusalem Post said that planning will be begun for additional railway lines that will be laid between Jordan and the PA via Israel.

Maariv quoted Egyptian soldiers who took part in the Six-Day War as saying in interviews with the Egyptian newspaper Al-Masri Al-Yawm that the IDF had performed atrocities on their bodies. This development follows alleged reports of killings of Egyptian soldiers by IDF troops in that war.

The Jerusalem Post reported that a ceremony marking the designation of eight additional sites in Israel on UNESCO's World Heritage List will be held today at Avdat in the Negev. The localities were selected by UNESCO as world heritage sites in 2005.

The Jerusalem Post (on Sunday) and Maariv reported that the Zionist Organization of America (ZOA) is calling on world Jewry to boycott the Coca-Cola Co. ZOA claims that the company refuses to compensate a Jewish family whose property was sold to Coca-Cola after it was confiscated by Egyptian authorities.

On Sunday The Jerusalem Post cited a Jewish Telegraphic Agency report saying that "some big names in Hollywood" hope that the Israeli TV series B'Tipul (In Treatment), whose American version is being created by HBO, will be a great success in the US.

Leading media reported that Hollywood actor Leonardo DiCaprio is visiting the country with his Israeli girlfriend, supermodel Bar Refaeli.

Mideast:

Summary:

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv: "Perhaps on the eve of the demise of the current US administration, someone there will rise to the occasion and make the parties a creative offer that they will not be able to refuse? Blessed is the believer."

The independent, left-leaning Ha'aretz editorialized: "The approaching exit of the US from Iraq is dictating the global agenda. Israel, too, must think about the day after rather than clinching to obsolete ideas."

Diplomatic correspondent Aluf Benn wrote on page one of Ha'aretz: "Only Saudi Arabia can grant Israel regional recognition and legitimacy, in exchange for its withdrawal from the territories."

Deputy Managing Editor Anshel Pfeffer wrote on page one of the conservative, independent Jerusalem Post: "So what's in [the Saudi initiative] for Israel? Mainly appearances, but right now that's about all the government can hope for.... And most importantly, the Americans are all for it."

Senior columnist Haggai Huberman wrote in an editorial on page one of the nationalist, Orthodox Hatzofe: "The Arab world, which embraces the Saudi initiative, will not be prepared for any compromise regarding Arab sovereignty in the Old City [of Jerusalem]."

Block Quotes:

II. "Plus Minus"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (3/12): "If the moderate Arab states had only agreed to accept the proposition that establishing a Palestinian state solves the right of return in and of itself, it would have been possible to pronounce it a done deal. But they are far from agreeing to such a thing, just as we are far from agreeing on any other formula that will enable the shadow of a hint of permitting the tip of a refugee's moustache from crossing the borders of sovereign Israel. This is the issue upon which the entire moderate diplomatic axis will either rise or fall now, and is awaiting a savior who will appear and arrange a creative solution. Or perhaps on the eve of the demise of the current US administration, someone there will rise

to the occasion and make the parties a creative offer that they will not be able to refuse? Blessed is the believer. In the meantime, as odd as it may sound, anyone who recalls the previous summit between Olmert, Abu Mazen and Condoleezza Rice can assume that of these three, it is the Palestinian who has the highest chances of survival: Condoleezza Rice will become history in less than two years. It will take Olmert much less time to do so at the present rate. Only Abu Mazen looks like he is here to stay. For the time being."

II. "Finger on the Pulse"

The independent, left-leaning Ha'aretz editorialized (3/11): "The approaching exit of the US from Iraq is dictating the global agenda. Israel, too, must think about the day after rather than clinching to obsolete ideas. The axis of evil sketched out by the Americans is becoming increasingly blurry, and the US is now ready for diplomacy where it once thought that only force could work.... Whenever diplomacy can take the place of force, this should be encouraged. The North Korean and Libyan threats were dissolved with a combination of diplomacy and economic pressure. At a time when alliances rise and fall daily to accommodate new realities, when yesterday's enemy may be tomorrow's partner in dialogue, the primary part of removing the Iranian nuclear threat must not be compromised.

But, at the same time, we must reexamine Israel's interests daily rather than becoming entrenched in intransigence."

III. "Only Saudi Arabia Can Do It"

Diplomatic correspondent Aluf Benn wrote on page one of Ha'aretz (3/12): "After months of stagnation and hesitation, in which Prime Minister Ehud Olmert lost almost all public support in his leadership, he revealed a new political agenda on Sunday. Olmert began the weekly cabinet meeting with a positive statement about the Saudi plan for a comprehensive peace between Israel and the Arab states, and hinted that if changes were made to it, it would be capable of serving as the basis for a renewed political process with the Palestinians. Olmert's statement also hinted at contact taking place between Saudi Arabia, Israel, and the United States, in anticipation of the Arab summit scheduled for Riyadh at the end of the month. At the core of these contacts lies the shared interest in curbing Iran's increasing power and the desire to form a regional 'axis of moderates' around a renewed peace process. Everyone recognizes that the Palestinians' unstable situation makes it difficult for them to contribute their part to a political process or an agreement, and the Saudi involvement is meant to provide them with patronage. Only Saudi Arabia can grant Israel regional recognition and legitimacy, in exchange for its withdrawal from the territories. From Olmert's perspective, the Saudi plan is the only alternative that allows him to demonstrate initiative and political action.... Above all, the magic of the Saudi initiative stems from its being merely a declaration of principles rather than a detailed plan. Thus it is possible to speak in slogans, negotiate over the wording, and defer paying the domestic price that withdrawal from the West Bank and the Golan Heights entails. But make no mistake: If Israel accepts the Saudi initiative, even only as the basis for negotiations, it will be taking a huge step toward the end of its control over the territories -- one that even Olmert's successors will have difficulty renouncing."

IV. "The Saudi Fig Leaf"

Deputy Managing Editor Anshel Pfeffer wrote on page one of the conservative, independent Jerusalem Post (3/12): "More than any other country in the region, the Saudis desperately need stability to ensure their oil fortunes and, by extension, the survival of their despotism. Out of sheer necessity, they have realized that Israel is a crucial partner in their campaign for maintaining the status quo, since Israel can do a lot to ruin their cherished stability.... So what's in it for Israel? Mainly appearances, but right now that's about all the government can hope for.... And most importantly, the Americans are all for it. The establishment of a coalition of 'moderate states,' recently replaced by the formulation 'responsible states,' has long been the dearest wish of the US State Department. The Saudi initiative will never hatch a realistic peace plan. But if talking about it is going to make US Secretary of State Condoleezza Rice happy when she comes for another one of her

'maintenance trips,' the Israelis and Saudis will play along."

IV. "Olmert Is Giving Up Jerusalem"

Senior columnist Haggai Huberman wrote in an editorial on page one of the nationalist, Orthodox Hatzofe (3/12): "'Moderate' Palestinian leader Abu Mazen, whom Olmert has met, has never declared he was prepared to concede the refugees' 'right of return.' But what about the full withdrawal to the 1967 lines, including Jerusalem? Is this also an 'element that should be discussed'? We all know the truth: The Arab world, which embraces the Saudi initiative, will not be prepared for any compromise regarding Arab sovereignty in the Old City [of Jerusalem]. Is Olmert prepared for Palestinian sovereignty on the Temple Mount?"

JONES